

7eK-10

FBIS-1389/88

14 MAR 1989



MEMORANDUM FOR: Deputy Director for Administration

VIA: Director of Personnel
Director of Finance

FROM: R. W. Manners
Director, Foreign Broadcast Information Service

SUBJECT: Waiver of Underpayment of Civil Service Retirement Deductions
for FBIS Foreign Nationals

REFERENCE:

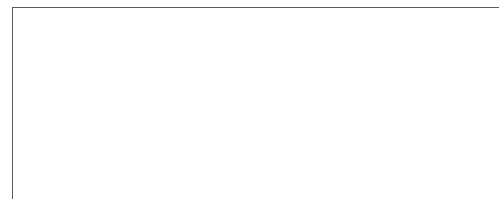
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1. Action Requested: Paragraph 3 contains a recommendation for the concurrence by the Director of Personnel and Director of Finance and approval by the Deputy Director of Administration.

2. Background: Under existing Social Security Law, non-resident aliens working outside the U.S. do not pay U.S. Social Security (FICA) tax and are not eligible for Social Security benefits. Because the new Federal Employees Retirement System (FERS) applies only to employees covered by Social Security, non-resident aliens are excluded from FERS. In January 1984, when the new retirement system went into effect, the Office of Personnel Management was asked to provide guidance on providing retirement coverage for Foreign National employees (FBNs) of the Foreign Broadcast Information Service previously eligible to receive CSRS benefits. Based on their guidance, new Third-Country National (TCN) FBN employees were placed under the interim system, charged only 1.3 percent of basic salary for CSRS, and not charged for Social Security.

In November 1986, OPM ruled that TCNs who are non-resident aliens and hired after 31 December 1983 will be covered under the old Civil Service Retirement System and will have 7 percent of basic salary deducted. Because of this reversal in OPM guidance, 18 FBIS foreign nationals who were hired between January 1984 and November 1986 underpaid their CSRS deductions by 5.7%. A list is attached showing those 18 FBN employees and the additional

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STAT amount each should have had deducted for CSRS. Amounts range from less than
[] to [] per employee. The total amount to be repaid is []

25X1 3. Recommendation: Since employees do not control the amount deducted
for retirement and the Agency followed OPM instructions for deductions between
January 1984 and November 1986, it is requested that repayment of the balance
of the Civil Service Retirement deductions for these 18 FBN employees be
waived.

[]
R. W. Manners

Attachment:
As stated

CONCUR:

Director of Finance

Date

Director of Personnel

Date

APPROVED:

Deputy Director for Administration

Date

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